

**National Water Resources Association
3800 N. Fairfax Drive, Suite 4
Arlington, Virginia 22203**

August 13, 2012

Hon. Steven Chu
Secretary of Energy
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585-1000

Re: Your March 16, 2012 proposal concerning the power marketing administrations, especially the Western Area Power Administration

Dear Secretary Chu:

The National Water Resources Association (NWRA) is pleased to have the opportunity to submit written comments to you and the Western Area Power Administration (Western) on this important subject. We have been monitoring the workshops and listening sessions that Western and the Department have been conducting and have received considerable comment and expression of interest from our members about your proposal. For that reason, we are submitting the following comments for your consideration.

NWRA is a national association comprised of state associations whose members are largely water organizations receiving water from federal dams and other federal projects for irrigation, municipal and industrial uses authorized by Congress for those projects. Our membership interests focus primarily on the U.S. Bureau of Reclamation (Reclamation) but, because of the interface between the generation of hydropower and the delivery of water at federal projects, we have an abiding interest in the activities of the Western Area Power Administration. It, in turn, has responsibilities related to the U.S. Army Corps of Engineers and the International Water and Boundary Commission. Along with Reclamation, these two agencies are the source of hydropower generation marketed by Western. The surplus hydropower marketed from these projects is largely responsible for the repayment of Reclamation and other authorized projects. Thus, anything that affects the agency providing these repayment revenues is of material concern to us and our members.

For that reason, we were greatly concerned that the dialogue that might have taken place prior to your publishing your March 16, 2012 memorandum and certainly the dialogue that has taken place since has not included the three generating agencies mentioned above. We are aware that a Reclamation official testified at one of your listening sessions but we are not aware that there was any departmental effort or agency effort to bring the generating agencies into a meaningful dialogue over the consequences of the proposals you have made in your memorandum. In most federal projects authorized by Congress, the generation of hydropower serves as a key

component for repayment of not only the power features of the project but the water features as well. Continued production of hydropower and its revenues is vital to the economic health of these projects. That having been said, the primary mission of most of these projects is to deliver water and that delivery is crucial to the beneficiaries of these projects. To the extent that any of the proposals in your memorandum might, even inadvertently, have an impact on the delivery of water under the statutory and contractual responsibilities of the United States, these matters need serious discussion before anything moves forward on these proposals. These discussions need to take place with the three generating agencies and with the contractors and beneficiaries of those agency efforts not only as to the production of hydropower but the delivery of water as well. In short, the water delivery entities and the water beneficiary entities should be at the table for any future discussions of these proposals. NWRA is ready and willing to join in those discussions and looks forward to the opportunity to do so.

Thank you for the opportunity to express our views on this important matter. We look forward to the opportunity of working with the Department and the Western Area Power Administration on these very important issues that have arisen from these proposals.

Sincerely,

[SIGNED]

Thomas F. Donnelly
Executive Vice President

cc: Senator Jeff Bingaman, Chairman, Senate Energy and Natural Resources Committee
Representative Doc Hastings, Chairman, House Natural Resources Committee